



DEPARTMENT OF CONSERVATION

Managing California's Working Lands

Division of Oil, Gas, & Geothermal Resources

801 K STREET • MS 20-20 • SACRAMENTO, CALIFORNIA 95814

PHONE 916 / 445-9686 • FAX 916 / 323-0424 • TDD 916 / 324-2555 • WEB SITE conservation.ca.gov

April 18, 2014

Carolyn Truong, Chief
Grants Management Section (MTS-7)
U.S. Environmental Protection Agency
75 Hawthorne Street
San Francisco, California 94105-3901

Subject: UIC GRANT APPLICATION FOR FY14 FOR GRANT NO: G-009216-14-0

Dear Ms. Truong:

Enclosed is the Department of Conservation's Division of Oil, Gas, and Geothermal Resources UIC Grant Application for Federal Fiscal Year 2014, in the amount of \$772,000. This amount includes the final federal grant allocation of \$579,000 for federal fiscal year FY14 and state matching funds in the amount of \$193,000.

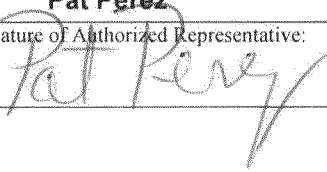
If you have any questions, please feel free to contact Jerry Salera at (916) 323-1781 or email him at jsalera@conservation.ca.gov.

Sincerely,

Pat Perez
Acting State Oil and Gas Supervisor

Enclosures

cc: George Robin, U.S. EPA – UIC
Judy Morita-Joe, DOC Accounting Office
Maria Roverso, U.S. EPA - Budgets

APPLICATION FOR FEDERAL ASSISTANCE 1. TYPE OF SUBMISSION Application <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction		2. Date Submitted		Applicant Identifier 94 - 2270812	
		3. Date Received		State Application Identifier	
		4. Date Received by Federal Agency		Federal Identifier G 009216 - 14 - 0	
5. Applicant Information					
Legal Name : Department of Conservation			Organizational Unit: Division of Oil, Gas, and Geothermal Resources		
Address (give city, county, state and zip code) 801 K. Street, MS 18-00 Sacramento, CA 95814-3530			Name and telephone number of the person to be contacted on matters involving this application (give area code.) Jerry Salera (916) 323-1781		
6. EMPLOYER IDENTIFICATION (EIN) 94 - 2270812			7. TYPE OF APPLICANT: (enter appropriate letter here) <u>A</u> A. State H. Independent School District B. County I. State Controlled Institution of Higher Learning C. Municipal J. Private University D. Township K. Indian Tribe E. Interstate L. Individual F. Intermunicipal M. Profit Organization G. Special District N. Other (Specify) : _____		
8. TYPE OF APPLICATION <input type="checkbox"/> New <input checked="" type="checkbox"/> Continuation <input type="checkbox"/> Revision If revision, enter appropriate letter(s) in box(es) : <input type="checkbox"/> <input type="checkbox"/> A. Increase Award B. Decrease Award C. Increase Duration D. Decrease Duration Other Specify: _____			9. NAME OF FEDERAL AGENCY: U.S. ENVIRONMENTAL PROTECTION AGENCY		
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 66 . 433 TITLE: Underground Injection Control			10. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: Underground Injection Control Program for Class II Well Injection One Year Application FY14		
11. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.):					
13. PROPOSED PROJECT:		14. CONGRESSIONAL DISTRICT OF:			
Start Date 10-1- 2013	End Date 9-30-2014	a. Applicant: Department of Conservation Division of Oil, Gas, and Geothermal Resources		b. Project: Statewide	
15. Estimated Funding:		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?			
a. Federal	\$ 579,000	a. <u>YES</u> . THIS PREAPPLICATION/ APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON : DATE: <u>04-03-2014</u>			
b. Applicant	\$ 193,000	b. NO <input type="checkbox"/> PROGRAM IS NOT COVERED BY E.O. 12372 <input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW			
c. State	\$	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?			
d. Local	\$	<input type="checkbox"/> Yes If "Yes" attach an explanation. <input checked="" type="checkbox"/> No			
e. Other	\$				
f. Program Income	\$				
g. TOTAL	\$ 772,000				
18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.					
a. Typed Name of Authorized Representative: Pat Perez		b. Title: Acting State Oil and Gas Supervisor		c. Telephone Number: (916) 445-9686	
d. Signature of Authorized Representative: 				e. Date Signed: 4/18/14	

Standard Form 424A (REV 4-88)

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BUDGET INFORMATION – Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function Or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. Class II UIC Program	66.433	\$ 0	\$ --	\$ 1,070,000	\$ 356,667	\$ 1,426,667.00
2.						.00
3.						.00
4.						.00
5. TOTALS		\$ 0	\$ --	\$ 1,070,000	\$ 356,667	\$ 1,426,667.00

SECTION B – BUDGET CATEGORIES

6. OBJECT CLASS CATEGORIES Two Year Grant Application FY13 and FY14	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1) Fed UIC FY 13- Fed UIC FY 14	(2) State Match	(3)	(4)	
a. Personnel	\$ 578,939	145,474	\$	\$	\$ 724,412.00
b. Fringe Benefits	202,628	50,916			253,544.00
c. Travel	0	20,000			20,000.00
d. Equipment	17,000	0			17,000.00
e. Supplies	0	0			0.00
f. Contractual	0	0			0.00
g. Construction	0	0			0.00
h. Other	0	49,800			49,800.00
i. Total Direct Charges (sum of 6a – 6h)	798,567	\$ 266,189			1,064,756.00
j. Indirect Charges	271,433	90,478			361,911.00
k. TOTALS (sum of 6I and 6j)	\$ 1,070,000.00	\$ 356,667.00	\$.00	\$.00	\$ 1,426,667.00
7. Program Income	\$ 1,070,000.00	\$ 356,667.00	\$	\$	\$ 1,426,667.00

Standard Form 424A (4-88)

ED_001000_00006284-00003

SECTION C – NON-FEDERAL RESOURCES					
(a) Grant Program		(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8. Underground Injection Control (Class II)		\$ 356,667			\$ 356,667
9. Two Year Grant Application FY13 and FY14					
10.					
11.					
12. TOTAL (sum of lines 8 and 11)		\$ 356,667			\$ 356,667

SECTION D – FORECASTED CASH NEEDS					
	(Total for 1 st Year)	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
13. Federal	\$ 491,000 FY13 579,000 FY14	\$ 122,750 144,750	\$ 122,750 144,750	\$ 122,750 144,750	\$ 122,750 144,750
14. Non-Federal	163,667 FY13 193,000 FY14	40,916.75 48,250	40,916.75 48,250	40,916.75 48,250	40,916.75 48,250
15. TOTAL (sum of lines 13 and 14)	654,667 FY13 772,000 FY14	163,666.75 193,000	163,666.75 193,000	163,666.75 193,000	163,666.75 193,000

SECTION E – BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT				
(a) Grant Program	FUTURE FUNDING PERIODS (Years)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16.	\$	\$	\$	\$
17.				
18.				
19.				
20. TOTALS (sum of lines 16-19)	\$	\$	\$	\$

SECTION F – OTHER BUDGET INFORMATION (attach additional sheets if Necessary)	
21. Direct Charges:	22. Indirect Charges: Rate used is 33.99% (Most current ICR).
23. Remarks: The non-federal resources section reflects the 25% state matching portion of the federal requirement for grant matching funds and does not reflect the total cost to the Division of the management of the state's Class II UIC Program. The cost to the Division for the management of the Class II UIC Program is estimated to be about \$15 million per year.	



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

OMB CIRCULAR A-87 COGNIZANT AGENCY NEGOTIATION AGREEMENT

Page 1 of 2

State of California
Department of Conservation
Sacramento, CA

Date: March 14, 2013
Filing Ref: May 14, 2012

The indirect cost rates contained herein are for use on grants and contracts with the Federal Government to which Office of Management and Budget Circular A-87 applies, subject to the limitations contained in the Circular and in Section II, A below.

SECTION I: RATE

Type	Effective Period		Rate	Base
	From	To		
Final	7/01/2011	6/30/2012	40.80%	(a)
Provisional	7/01/2013	6/30/2014	33.99%	(a)

Basis for Application

(a) Direct salaries and wages including fringe benefits.

Treatment of Fringe Benefits: Vacation, holiday, sick leave and other fringe benefits applicable to direct salaries and wages are treated as direct costs.

SECTION II: GENERAL

A. LIMITATIONS: The rates in this Agreement are subject to any statutory and administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the department/agency or allocated to the department/agency by an approved cost allocation plan were included in the indirect cost pool as finally accepted; such costs are legal obligations of the department/agency and are allowable under governing cost principles; (2) The same costs that have been treated as indirect costs have not been claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the department/agency which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

**Preward Compliance Review Report for
All Applicants Requesting Federal Financial Assistance**

FORM Approved
OMB No.2090-0014
Expires 4-30-99

Note: Read instructions on reverse side before completing form.

I. A. Applicant (Name, City, State) Division of Oil, Gas, and Geothermal Resources 801 K Street, 20th Floor MS 20-20 Sacramento, CA 94814-3530	B. Recipient (Name, City, State) Not Applicable	C. EPA Project No. Federal Identifier No. G – 009216 14-2
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II. Brief description of proposed project, program or activity.

Underground Injection Control Program for Class II wells. Operation and maintenance of the Class II Program. Activities include permitting, monitoring, surveillance, compliance, enforcement of laws and regulations for the operation of injection wells for oil and gas production.

III. Are any civil rights lawsuits or complaints pending against applicant and/or recipient?
If yes, list those complaints and the disposition of each complaint. __ Yes X No

IV. Have any civil rights compliance reviews of the applicant and/or recipient been conducted by any Federal agency during the last two years prior to this application for activities which would receive EPA assistance?
If yes, list those compliance reviews and status of each review. __ Yes X No

V. Is any other Federal financial assistance being applied for or is any other Federal financial assistance being applied to any portion of this project, program or activity?
If yes, list the other Federal Agency(s), describe the associate work and the dollar amount of assistance. __ Yes X No

IV. If entire community under the applicant's jurisdiction is not served under the existing facilities/services, or will not be served under the proposed plan, give reasons why.

Not Applicable


VII. Population Characteristics	Number of People
1. A. Population of Entire Service Area	N/A
B. Minority Population of Entire Service Area	N/A
2. A. Population Currently Being Served	N/A
B. Minority Population Currently Being Served	N/A
3. A. Population to be served by Project	N/A
B. Minority Population to be Served by Project, Program or Activity	N/A
4. A. Population to Remain Without Service	N/A
B. Minority Population to Remain Without Service	N/A

VIII. Will all new facilities or alterations to existing facilities financed by these funds be designed and constructed to be readily accessible to and usable by handicapped persons?
If no, explain how a regulatory exception (40CFR7.70) applies. __ Yes X No
Not Applicable

IX. Give the schedule for future projects, programs or activities (or future plans), by which services will be provided to all beneficiaries within applicant's jurisdiction. If there is no schedule, explain why.

Not Applicable

X. I certify that the statements I have made on this form and all attachments thereto are true, accurate and complete. I acknowledge that any knowingly false or misleading statement may be punishable by fine or imprisonment or both under applicable law.

A. Signature of Authorized Official  Pat Perez	B. Title of Authorized Official Acting State Oil and Gas Supervisor	C. Date April 18, 2014
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For the U.S. Environmental Protection Agency

__ Approved __ Disapproved	Authorized EPA Official	Date
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ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

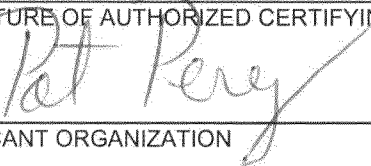
PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL 	TITLE Acting State Oil and Gas Supervisor
APPLICANT ORGANIZATION CA Dept. of Conservation, Div. of Oil, Gas & Geoth. Resources	DATE SUBMITTED April 18, 2014

Standard Form 424B (Rev. 7-97) Back

G 009216-14-0
EPA Project Control Number

CERTIFICATION REGARDING LOBBYING

CERTIFICATION FOR CONTRACTS, GRANTS, LOANS AND COOPERATIVE AGREEMENTS

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-contracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31 U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Pat Perez Acting State Oil and Gas Supervisor

Typed Name & Title of Authorized Representative


Signature and Date of Authorized Representative

RECIPIENT CERTIFICATION
FOR RECIPIENTS OTHER THAN INDIVIDUALS

DRUG-FREE WORKPLACE ACT OF 1988

The Certification set forth below is a material representation of fact upon which reliance was placed when the Agency determined to award the assistance agreement. If it is later determined that the recipient knowingly rendered a false certification, or otherwise violated the requirements of the Drug-Free Workplace Act, the Agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.


- A. The grantee certifies that it will provide a drug-free workplace by:
- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
 - (b) Establishing a drug-free abuse in the workplace;
 - (1) The dangers of drug abuse in the workplace;
 - (2) The grantee's policy of maintaining a drug-free workplace;
 - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
 - (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
 - (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under that grant, the employee will - -
 - (1) Abide by the terms of the statement; and
 - (2) Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction;
 - (e) Notifying the Agency within ten days after receiving notice under subparagraph (d) (2) from an employee or otherwise receiving actual notice of such conviction;
 - (f) Taking one of the following actions, within 30 days of receiving notice under subparagraph (d) (2), with respect to any employee who is so convicted - -
 - (1) Taking appropriate personnel action against such an employee, up to and including termination; or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

B. The grantee shall insert in the space provided below the site (s) for the performance of work done in connection with the specific grant:

Place of Performance:

Sacramento	801 K Street, MS-20, 18th & 20th Floor, Sacramento, CA 95814-3530.
Cypress	5816 Corporate Ave., Suite 200, Cypress, CA 90630-4731
Ventura	1000 South Hill Rd., Suite 116, Ventura, CA 93003-4458
Orcutt	195 S. Broadway, Suite 101, Orcutt, CA 93455-4655
Bakersfield	4800 Stockdale Hwy., Suite 417, Bakersfield, CA 93309-0279
Coalinga	466 North Fifth St., Coalinga, CA 93210-1793
Dist. 6	801 K Street, MS-22, 20th floor, Sacramento, CA 95814-3530



Signature **Pat Perez**
 State Oil and Gas Supervisor



Date

INTERGOVERNMENTAL REVIEW FORM

1. APPLICANT NAME: Department of Conservation
Division of Oil, Gas, and Geothermal Resources
2. CATALOG OF FEDERAL DOMESTIC ASSISTANCE (see list below):

66.433 Underground Injection Control
Title
3. IS THIS PROGRAM SUBJECT TO STATE INTERGOVERNMENTAL REVIEW
PROCESS?

X
YES NO
4. APPLICATION/PREAPPLICATION/ NOTICE OF INTENT TO:
a. State Agency on N/A
Date
b. Local Agency on N/A
Date
5. THIS FORM COMPLETED BY: Pat Perez 4/18/14
Name Pat Perez Date
Acting State Oil and Gas Supervisor

<u>CFDA Number</u>	<u>Program Title</u>
66.001	Air Pollution Control Program
66.418	Construction Grants for Wastewater Treatment Works
66.419	Water Pollution Control-State & Interstate Program Grants
66.454	Water Quality Management Planning
66.432	State Public Water System Supervision-Program Grants
66.433	State Underground Water Source Protection-Program Grants
66.438	Construction Management Assistance
66.801	Hazardous Waste Management Financial Assistance to States
66.600	Environmental Protection Consolidated Grants-Program Support
66.603	Loan Guarantees for Construction of Treatment Works
66.700	Pesticides Enforcement Program Grants
66.802	Superfund Cooperative Agreements (Remedial Clean-up)

KEY PEOPLE LIST

Please show street address as well as Post Office Box Number where applicable.

AGENCY DIRECTOR

(Individual who is authorized to sign the assistance agreement application and award acceptance).

Name: Pat Perez
Title: Acting State Oil and Gas Supervisor
Address: 801 K Street MS 20-20
Sacramento, California 95814-3530
Phone: (916) 445-9686 or (916) 322-1777 FAX (916) 323-0424
Email: Pat.Perez@conservation.ca.gov

PROGRAM DIRECTOR

(Technical program director: generally the same individual as the "contact person" in block #5 of the application.)

Name: Jerry Salera
Title: UIC Program Manager
Address: 801 K Street MS 20-20
Sacramento, California 95814-3530
Telephone: (916) 445-9686 or (916) 323-1781 FAX (916) 323-0424
Email: Jerry.Salera@conservation.ca.gov

FINANCE DIRECTOR

Name: Judy Morita-Joe
Title: Accounting Administrator
Address: 801 K Street MS 22-15
Sacramento, California 95814
Telephone: (916) 322-4403 FAX (916) 445-0433
Email: Judy.Morita-Joe@conservation.ca.gov

**CALIFORNIA DEPARTMENT OF CONSERVATION
DIVISION OF OIL, GAS, AND GEOTHERMAL RESOURCES
UNDERGROUND INJECTION CONTROL**

FFY 2014 WORKPLAN

INTRODUCTION

This program shall be funded through a grant provided by the U.S. Environmental Protection Agency (EPA) and administered by the State of California, Department of Conservation, Division of Oil, Gas, and Geothermal Resources (Division), to partially support the cost of implementing the Class II Underground Injection Control (UIC) Program as approved under Section 1425 of the Safe Drinking Water Act (SDWA). The Division was delegated primary enforcement authority on March 14, 1983 for the Class II UIC Program.

The Division will continue to effectively and efficiently carry out the permitting program as described in the Primacy Application and will fully pursue the key elements of the program, which are:

- Issuing or denying Class II well permits
- Monitoring and inspecting wells
- Conducting enforcement actions
- Collecting and maintaining well inventory and supporting data
- Providing technical assistance to operators
- Performing or overseeing related activities, such as public participation, emergency responses, administrative management, and special studies.

PERMITTING

Purpose

The Division will carry out the permitting program according to procedures outlined in Section B of the Primacy Application and in accordance with procedures and processes specified in the Division's regulations and requirements.

The review of project applications includes, in part, evaluating:

- Well Construction
- Area of review
- Geologic conditions
- Reservoir and injection fluid characteristics

The permitting program includes approval of new projects and modifications to existing projects as well as issuing permits (or P-Reports) for individual wells within the projects.

Activities/Products

The Division approves or denies project proposals generally within 45-60 days from the date the project application is deemed complete. After injection project approval, the Division issues individual well permits within 10 days from receipt of Notices of Intent for each injection well included in the approved project.

In FY 2014, an estimated 2,500 UIC well permit determinations will be made,

INSPECTIONS/MECHANICAL INTEGRITY TESTING

Purpose

The Division will perform inspections and mechanical integrity tests (MIT) as described in the Primacy Application and as required by regulation or field rule to ensure the injected fluid is confined to the approved zone or zones. Routine inspections are made to monitor injection pressure and record any surface fluid flow or other violations. The Division requires a two-part MIT. The first part ensures internal mechanical integrity and the second part ensures external mechanical integrity. The internal MIT is done by a pressure test of the casing-tubing annulus prior to commencing injection operations and once every five years thereafter, or after the repositioning or replacement of downhole equipment. The external MIT is commonly done by a radioactive tracer. In some instances a static temperature test may be acceptable.

MIT's are conducted every year for water disposal wells, every other year for waterflood wells, and every five years for steamflood wells. All MIT surveys are filed with the Division. The Division will witness MITs of water disposal wells and enhanced recovery wells. In addition, the Division will witness the annular pressure test of all water disposal and waterflood wells. When an MIT is not field witnessed, the results of the test are reviewed in-house. After witnessing or reviewing the results of the tests, the Division determines whether the well demonstrates mechanical integrity. Deficient MITs require well retesting.

Field inspections are also performed when noncompliance incidents are identified and in response to citizen complaints. The Division will continue to inspect all injection wells for environmental and regulatory compliance.

Activities/Products

It is expected that for all Class II UIC well types, more than 7,000 field inspections will be made. This will include MIT surveys, well zone plug tags, well mudding and lease inspections.

The Division will continue to ensure that all wells are maintaining compliance with all mandated requirements. Ensuring protection of underground sources of drinking water and permit compliance is routinely conducted during the review of mechanical integrity tests, workover programs, or annual meetings with project operators. Other events, such as changes to injection fluid, changes or alterations to a project, mechanical failures, or violations will also present opportunities for evaluating project compliance.

Compliance reviews of 100 percent of Class IWD active wells and 10 percent of Class IIER active wells is expected to be conducted.

COMPLIANCE AND ENFORCEMENT

Purpose

To ensure compliance, the Division will review operator injection reports, hold scheduled annual project reviews with operators, and witness various field activities, such as well plugging and collection of fluid samples. Actions described in the first two sections of this workplan also aid in maintaining or improving compliance.

When noncompliance occurs, enforcement actions will be taken immediately. Enforcement consists of five levels of action:

1. Direct action by field inspectors or staff engineers -- telephone calls or personal contact on-site with operators to request correction of minor rule violations and deficiencies.
2. District office action -- letters to operators detailing corrective action that must be taken with subsequent follow-up to assure that the action has been taken. The district can have the corrective action performed by Division-hired contractors if the operator refuses or does not comply. The Division can order wells shut-in if a serious threat to groundwater exists or if required corrective action is not taken. The Division can issue a written notice to terminate

injection project approval if there is any evidence that damage is occurring.

3. State Oil and Gas Supervisor action -- letters or orders to operators directing compliance when there are serious or persistent violations.
4. Civil penalties -- any person who violates any provision of the law or regulations is subject to a civil penalty for each violation. The State Oil and Gas Supervisor may impose the penalty.
5. Criminal action -- file suit through the local District Attorney to impose misdemeanor charges for cases of a willful or serious nature.

Activities/Products

As described above, the Division will take actions as necessary and appropriate, but no number of actions can be assigned to this program element.

The Division will establish a strong field presence by conducting regular field inspections and surveillance, compliance evaluations, and appropriate enforcement actions as described in the Primacy Application.

The Division exercises its formal enforcement authority by actively imposing civil penalties when warranted. This will reinforce the strength of the Division's authority and be a deterrent from further or other violations by the regulated community.

The Division will report all "significant noncompliance" wells, as defined on form 7520.

The Division will respond promptly to all significant Class II violations. Class II wells with significant violations will be inspected at increased intervals, as warranted by the Division to verify compliance with permit and regulatory requirements.

The Division will report annually Class II wells or projects that have been referred to the State Oil and Gas Supervisor for civil penalties (fines) and other more severe enforcement actions taken.

The Division will ensure compliance through effective tracking and prompt follow-up with timely and appropriate enforcement actions when deadlines are missed.

PROGRAM ADMINISTRATION AND DEVELOPMENT

This program element includes all activities that support the performance of this program and that lead to the improvement of the program. In addition to general oversight and management of the UIC Program, this element is composed of various activities and as such shall be described in the following sections.

PUBLIC INFORMATION

Purpose

The Division will continue to conduct an appropriate, effective public participation program covering three major areas:

1. Permitting process.
2. Citizens' complaints.
3. Information and education.

Activities/Products

1. Permitting Process. Provide adequate public notices for proposed actions as described in the Division Primacy Application. At a minimum, the Division provides a 15-day public comment period and makes nonconfidential portions of the project plans available for review. The Division will hold public hearings if public response to the notifications is of a nature that would warrant a

hearing.

2. Citizens' Complaints. Investigate all complaints and take corrective action as appropriate.
3. Information and Education. Inform operators of changes in program status; distribute informational materials; and make presentations to interested groups on program purpose, status, and requirements. The Division will participate in UIC related symposiums.
4. Participation in state and national symposiums. The Division assists and works with the EPA and other interest groups, such as the Ground Water Protection Council, by participating in educational seminars.

TRAINING AND TECHICAL ASSISTANCE

Purpose

UIC staff training needs staff shall be identified so that appropriate Division personnel can attend courses that enhance UIC technical, enforcement, and administrative skills. The Division will aid operators in the correct methods for preparation of monthly reports.

Activities/Products

The Division will identify the training needs in the first quarter of FY 2013 and FY 2014 with updates as needed. Training courses will be scheduled and attended as needed. Technical assistance will be provided to operators as needed. Also, assistance is provided for the QA Program, if needed.

DATA MANAGEMENT

Purpose

Data management involves three main activities; the tracking and screening of operator reports; the annual inventory update; and the tracking of required action on wells. These activities are automated.

Activities/Products

The Division will continue to use computers in the district offices for input of well and project information and to track schedules for inspections, MITs, compliance actions, and enforcement actions. The system is also used to generate information for the EPA annual report.

The operator's monthly reports will be entered in the Division's WellStat database. The computer program screens these reports for accuracy and completeness of injection volume and pressure.

The Division submitted an updated injection well inventory to EPA at the close of 2013.

The Division will continue to improve data management capabilities to increase the networking of information with district offices and Headquarters.

EQUIPMENT PROCUREMENT

Purpose

Equipment needed to administer the UIC Program in FY 2014 will be identified and purchased if possible.

Activities/Products

The Division will submit a list of proposed equipment purchases with the grant application.

CLASS V WELL PROGRAM

Purpose

The Division currently has an underground injection control program for Class V geothermal injection wells. The Division and EPA have developed a Memorandum of Agreement to ensure oversight and coordination of permitting, inspection, and enforcement for geothermal Class V wells.

The Division has regulatory overlap with the EPA on mechanical integrity testing of Class V disposal wells located in oil and gas fields. According to State regulations, any injection well that penetrates an oil and gas-producing zone must be constructed properly and tested for mechanical integrity.

Activities/Products

The Division will continue to work with the EPA, the BLM, and other interested State/Federal agencies regarding the regulation of Class V injection wells (e.g., geothermal) on Federal lands in California.

QUALITY ASSURANCE (QA) PLAN

Purpose

On October 1, 1986, the Division implemented the EPA-approved QA Program for sampling and analysis. The QA Program assures that data collected by the Division are of known quality.

Activities/Products

The Division sent notice to operators on November 17, 1986 to follow the QA Program when appropriate. On April 15, 1987, the Division made available to operators the Guidance on Sampling Fluids to provide guidelines on approved sample collection practices. The Division will follow sampling procedures and analytical techniques outlined in the approved QA plan.

REPORTING TO EPA

Purpose

To provide EPA with information on the supervision of the UIC Class II program.

Activities/Products

End-of-Year Report - The Division will submit an End-of-Year Report on the EPA Report Forms 7520 (or alternative reporting negotiated between EPA and the Division). This will include the EPA's requested SWD-07b reporting measure. The report will be submitted to EPA within 45-days following the close of the fiscal year.

Mid-Year Program Activity Measure - The Division has agreed to submit a mid-year activity measures report identifying the number of MIT tests within 45-days of the end of the mid-year reporting date of each year.

The above reports are in lieu of the Quarterly reports and other information can be obtained from the Division's website.

Financial Status Reports (FSR). These reports will be submitted to EPA in accordance with grant requirements. Reports to be submitted in FY 2013 and 2014 cover the grant period from October 1, 2012 to September 30, 2014 and will be submitted after the end of the second fiscal year, except for one year grant periods the FSR will be submitted annually.

Small and Disadvantaged Business Utilization Reports. If appropriate, the Division will submit reports on EPA Form 6005-1 within 15 working days after the end of the Federal fiscal year.

Drug-Free Workplace certification. Verification that a drug-free workplace is maintained is submitted to the Grants Management Section along with the Grant Application.

Minority/Women's Business Enterprise (M/WBE) Report. The Division has adopted the State Water Resources Control Boards MBE/WBE goals. The availability analysis, including geographic market and purchases are relevant and similar to the Division's. Therefore, as in FY07-08, the Division will not be submitting its own proposed MBE/WBE goals.

COORDINATION WITH EPA AND OTHER STATE AGENCIES

The Division will notify EPA of any changes to State regulations, resources, or program implementation related to the UIC Program.

The Division will identify assistance needs that can be provided by EPA.

The Division will continue to coordinate and cooperate with EPA and appropriate State agencies in protecting underground sources of drinking water.

The State Water Resources Control Board (SWRCB) has developed a Ground Water Protection Strategy for California. The Division was a participant in the development of the ground water protection strategy. The Division will continue to coordinate and cooperate with other State agencies in implementing this Strategy as needs arise.

As resources permit and when appropriate, the Division will develop programs necessary to achieve the goals of the Ground Water Protection Strategy for California.